**Case Study 1**

Herman, who is single, had AGI of $100,000 for 2016. He incurred the following expenses and losses during the year:

Medical expenses $11,000

State and local income taxes 3,200

Real estate taxes 2,800

Home mortgage interest 7,200

Charitable contributions 2,000

Casualty losses before 10% limitation (after $100 floor) 11,500

Unreimbursed employee expenses 4,300

Gambling losses (Herman had $3,000 gambling income) 7,000

Herman’s itemized deduction before the overall limitation are computed as follows:

Medical expenses [$11,000 – (10% x $100,000) 1,000

State and local income taxes 3,200

Real estate taxes 2,800

Home mortgage interest 7,200

Charitable contributions 2,000

Casualty losses [11,500 – (10% x 100,000) 1,500

Unreimbursed employee expenses [2,300 – (2% x 100,000)] 300

Gambling losses (Herman had $3,000 gambling income) 3,000

Total itemized deductions before overall limitation 21,000